

House File 668

H-1150

1 Amend House File 668 as follows:

2 1. Page 1, before line 1 by inserting:

3 <DIVISION I

4 CHILD CARE CENTERS AND FACILITIES — PROPERTY TAXATION>

5 2. Page 4, line 33, after <This> by inserting <division of
6 this>

7 3. Page 5, line 3, after <this> by inserting <division of
8 this>

9 4. Page 5, line 6, after <this> by inserting <division of
10 this>

11 5. Page 5, line 11, after <this> by inserting <division of
12 this>

13 6. Page 5, line 13, after <this> by inserting <division of
14 this>

15 7. Page 5, after line 15 by inserting:

16 <DIVISION ____

17 CHILD AND DEPENDENT CARE TAX CREDIT

18 Sec. ____ . Section 422.12C, subsection 1, Code 2023, is
19 amended by striking the subsection and inserting in lieu
20 thereof the following:

21 1. The taxes imposed under this subchapter, less the amounts
22 of nonrefundable credits allowed under this subchapter, shall
23 be reduced by a child and dependent care credit equal to the
24 following percentages of the federal child and dependent care
25 credit provided in section 21 of the Internal Revenue Code,
26 without regard to whether or not the federal credit was limited
27 by the taxpayer's federal tax liability:

28 a. For a taxpayer with net income of forty-five thousand
29 dollars or less, one hundred percent.

30 b. For a taxpayer with net income exceeding forty-five
31 thousand dollars but not exceeding fifty thousand dollars,
32 eighty-eight percent.

33 c. For a taxpayer with net income exceeding fifty thousand
34 dollars but not exceeding sixty thousand dollars, seventy-five
35 percent.

1 administer a child care center and child development home
2 grant program to provide for the allocation of money in the
3 fund in the form of grants, not to exceed fifty thousand
4 dollars per grant, to eligible persons for costs related to
5 the establishment of a new licensed child care center or
6 a new child development home, or for the expansion of an
7 existing licensed child care center or the expansion of an
8 existing child development home. For any one fiscal year, the
9 department shall not approve more than four million dollars
10 in grants. The rules adopted by the department shall specify
11 the eligibility requirements for applicants of the program and
12 the items eligible for a program grant. Items eligible for a
13 program grant must include the costs related to licensing or
14 registration, supplies, employee salaries, and infrastructure.

15 2. A new center or a new home must be licensed or registered
16 and fully operational within two years of the date of an
17 applicant's receipt of a grant.

18 3. Of the children for whom a new or expanded center or a
19 new or expanded home provide child care, a minimum of twenty
20 percent of the children must be from a family that qualifies
21 for state child care assistance pursuant to section 237A.13.

22 4. A person that is awarded a grant shall enter into an
23 agreement with the department that specifies the requirements
24 that must be maintained throughout the period of the agreement
25 in order for the person to retain the grant. The agreement
26 must contain, at a minimum, provisions addressing all of the
27 following:

28 a. The legal name of the person receiving the grant.

29 b. The amount of the grant.

30 c. Annual certification by the person to the department of
31 compliance with the requirements of the agreement, the program,
32 and this chapter.

33 d. The repayment of the grant, or a portion of the grant,
34 if the person does not meet all of the requirements of the
35 agreement, the program, and this chapter.

1 e. If a new center or a new home for which the grant was
2 received goes out of business within two years of the date the
3 new center or new home becomes fully operational pursuant to
4 subsection 2, the grant shall be subject to repayment. If an
5 expanded center or an expanded home for which the grant was
6 received goes out of business within two years of the date on
7 which the grant was received, the grant shall be subject to
8 repayment.

9

DIVISION ____

10

SMALL BUSINESS CHILD CARE TAX CREDIT

11

Sec. ____ . NEW SECTION. 237A.32 **Small business child care**

12

tax credit.

13

1. As used in this section "*small business*" means any
14 enterprise which is located in this state, which is operated
15 for profit and under a single management, and which has either
16 fewer than twenty employees or an annual gross income of less
17 than four million dollars computed as the average of the three
18 preceding fiscal years. This definition does not apply to any
19 program or activity for which a definition for small business
20 is provided for the program or activity by federal law or
21 regulation or other state law.

22

2. A small business may receive a child care tax credit
23 for providing child care employee benefits to employees of the
24 business. The credit may be applied against income tax imposed
25 under chapter 422, subchapter II or III, the franchise tax
26 imposed under chapter 422, subchapter V, the gross premiums
27 tax imposed under chapter 432, or the moneys and credits tax
28 imposed in section 533.329. The amount of the credit equals
29 the costs to provide the benefit up to three thousand dollars
30 per employee per year.

31

3. The aggregate amount of tax credits authorized pursuant
32 to this section shall not exceed a total of two million
33 dollars per fiscal year, and shall be awarded on a first-come,
34 first-served basis.

35

4. To be eligible for a small business child care tax

1 credit, the small business must provide child care employee
2 benefits to employees of the business through any of the
3 following:

4 *a.* Build a new structure or rehabilitate an existing
5 structure to be used as a child care center at or near the small
6 business where the children of the employees of the business
7 are provided child care. A small business may construct or
8 rehabilitate the structure in conjunction with another business
9 but only the actual cost of the business shall be considered in
10 determining the credit.

11 *b.* Operate or lease a child care center at or near the small
12 business where the children of the employees of the business
13 are provided child care.

14 5. A taxpayer who elects to claim the small business child
15 care tax credit shall not claim the employer child care tax
16 credit under section 237A.31.

17 6. Any credit in excess of the tax liability is not
18 refundable but the excess for the tax year may be credited
19 to the tax liability for the following five years or until
20 depleted, whichever is earlier. The director of revenue shall
21 adopt rules to implement this section.

22 Sec. _____. NEW SECTION. **422.12P Small business child care**
23 **tax credit.**

24 1. The taxes imposed under this subchapter, less the credits
25 allowed under section 422.12, shall be reduced by a small
26 business child care tax credit received pursuant to section
27 237A.32.

28 2. An individual may claim the tax credit allowed a
29 partnership, S corporation, limited liability company, estate,
30 or trust electing to have the income taxed directly to the
31 individual. The amount claimed by the individual shall be
32 based upon the pro rata share of the individual's earnings of a
33 partnership, S corporation, limited liability company, estate,
34 or trust.

35 Sec. _____. Section 422.33, Code 2023, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 33. The taxes imposed under this subchapter
3 shall be reduced by a small business child care tax credit
4 received pursuant to section 237A.32.

5 Sec. _____. Section 422.60, Code 2023, is amended by adding
6 the following new subsection:

7 NEW SUBSECTION. 16. The taxes imposed under this subchapter
8 shall be reduced by a small business child care tax credit
9 received pursuant to section 237A.32.

10 Sec. _____. NEW SECTION. **432.12P Small business child care**
11 **tax credit.**

12 The taxes imposed under this chapter shall be reduced by
13 a small business child care tax credit received pursuant to
14 section 237A.32.

15 Sec. _____. Section 533.329, subsection 2, Code 2023, is
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. *n.* The moneys and credits tax imposed under
18 this section shall be reduced by a small business child care
19 tax credit received pursuant to section 237A.32.

20 Sec. _____. APPLICABILITY. This division of this Act applies
21 to tax years beginning on or after January 1, 2023.

22 DIVISION _____

23 STATE CHILD CARE ASSISTANCE

24 Sec. _____. Section 237A.13, subsection 8, paragraph c, Code
25 2023, is amended to read as follows:

26 *c.* Families with an income of more than one hundred
27 percent but not more than one two hundred ~~forty-five~~ percent
28 of the federal poverty level whose members, for at least
29 twenty-eight hours per week in the aggregate, are employed
30 or are participating at a satisfactory level in an approved
31 training program or educational program.

32 Sec. _____. DIRECTIVE TO DEPARTMENT OF HEALTH AND HUMAN
33 SERVICES — CHILD CARE ASSISTANCE.

34 1. The department of health and human services shall amend
35 its administrative rules pursuant to chapter 17A to do all of

1 the following:

2 a. Provide income eligibility for state child care
3 assistance, according to family size for children needing basic
4 care, to families whose nonexempt gross monthly income does not
5 exceed two hundred percent of the federal poverty level.

6 b. Adjust the state child care assistance copayment
7 schedule in incrementally increased amounts for families whose
8 nonexempt gross monthly income does not exceed two hundred
9 percent of the federal poverty level.

10 2. The rules adopted pursuant to this section shall take
11 effect January 1, 2024.>

12 8. Title page, by striking lines 1 and 2 and inserting <An
13 Act relating to child care and including effective date,>

14 9. By renumbering as necessary.

KURTH of Scott
